

INSURANCE DIVISION[191]

Adopted and Filed

Pursuant to the authority of Iowa Code section 502.605, the Insurance Division hereby amends Chapter 50, “Regulation of Securities Offerings and Those Who Engage in the Securities Business,” Iowa Administrative Code.

Iowa Code chapter 502, among other things, prescribes the terms and conditions under which broker-dealers, investment advisers and securities offerings operate. Amendments to Iowa Code chapter 502 were enacted by 2015 Iowa Acts, House File 632, and became effective July 1, 2015.

The amendments to this chapter do the following:

- Require entities that wish to make Form D filings to do so electronically. The amendment to rule 191—50.81(502) will go into effect November 4, 2015, and securities issuers must be in compliance with this rule by January 1, 2016.
- In rule 191—50.60(502), change the fees for notice filings for investment company securities offerings.
- Clarify the travel reimbursement guidelines that may be used for an audit or inspection made pursuant to Iowa Code section 502.411(4).
- Update the address of the Iowa Insurance Division, Iowa Securities and Regulated Industries Bureau.
- Provide the Web site address for North American Securities Administrators Association information.
- Require Rule 506 offerings to be filed electronically.

Notice of Intended Action was published in the Iowa Administrative Bulletin on August 5, 2015, as **ARC 2079C**. Written comments were accepted through August 27, 2015, and a public hearing was held on August 27, 2015, at the offices of the Iowa Insurance Division, Two Ruan Center, 601 Locust Street, Fourth Floor, Des Moines, Iowa. The Division received one comment in writing related to the proposed amendments, requesting that paper submissions still be permitted. Because the reason for requiring electronic submissions is to streamline the filing process, that change was not made.

The Division also received comments from the Administrative Rules Review Committee that resulted in the removal of proposed Items 3 and 4 pertaining to business continuity and succession planning. In addition, the implementation sentence for rule 191—50.81(502) has been corrected and the items have been renumbered, as necessary.

The Insurance Division’s general waiver provisions at 191—Chapter 4 apply to these rules.

These amendments impose no fiscal impact on the State.

After analysis and review of this rule making, no impact on jobs has been found.

These amendments implement Iowa Code chapter 502 as amended by 2015 Iowa Acts, House File 632.

These amendments shall become effective on November 4, 2015.

The following amendments are adopted.

ITEM 1. Rescind the definition of “Form D” in rule **191—50.1(502)**.

ITEM 2. Amend rule 191—50.2(502) as follows:

191—50.2(502) Cost of audit or inspection.

50.2(1) A ~~The administrator may assess the broker-dealer or investment adviser may be assessed the actual and necessary costs for reasonable charges of travel, lodging, and other expenses incurred by division staff or independent persons conducting an audit or inspection and directly attributable to an audit or inspection made pursuant to Iowa Code section 502.411(4). The assessment of costs of travel meals, lodging, transportation, and other actual and necessary travel expenses, if any, incurred by persons~~

conducting an audit or inspection shall be determined in accordance with one of the following, as agreed by the administrator and the persons conducting an audit or inspection:

a. the The department of administrative services (DAS) state accounting enterprise Accounting Policy and Procedures Manual guidelines for employee travel (<https://das.iowa.gov/state-accounting/sae-policies-procedures-manual>) and the DAS form Travel Section Policy and Procedures (<https://das.iowa.gov/state-accounting/travel-relocation>) in effect at the time of the audit or inspection.

b. The department of administrative services state accounting enterprise Accounting Policy and Procedures Manual guidelines for travel for in-state board, commission, advisory council, and task force member expenses.

c. The United States General Services Administration Continental United States (“CONUS”) per diem travel allowances for lodging, meals and incidental expenses.

d. A reimbursement schedule as agreed by the administrator and the persons conducting the audit or inspection.

50.2(2) and **50.2(3)** No change.

50.2(4) Assessments collected pursuant to this rule shall be paid ~~to the administrator and shall be deposited as provided in Iowa Code section 505.7~~ by the broker-dealer or investment adviser as directed by the administrator either to the administrator or to the persons conducting the audit or inspection. The persons conducting the audit or inspection shall be reimbursed only for the actual and necessary costs incurred in conducting the audit or inspection.

This rule is intended to implement Iowa Code section 502.411(4).

ITEM 3. Amend paragraph **50.60(3)“b”** as follows:

b. Payment of the applicable fee under Iowa Code section ~~502.302(1)“a.”~~ 502.302(1)“a” as amended by 2015 Iowa Acts, House File 632.

ITEM 4. Amend subrule 50.60(4) as follows:

50.60(4) Amendments to notice filings are made on Form NF and are effective upon receipt by the administrator. Withdrawal or termination of a notice filing is made by filing Form NF or providing the administrator with notice of the withdrawal or termination in a similar format. An amendment, withdrawal, or termination is effective upon receipt by the administrator of the required notice and all fees required by Iowa Code section ~~502.302(1)“a.”~~ 502.302(1)“a” as amended by 2015 Iowa Acts, House File 632.

This subrule is intended to implement Iowa Code section 502.302 and 2015 Iowa Acts, House File 632.

ITEM 5. Amend subrule 50.60(6) as follows:

50.60(6) An investment company that makes a notice filing under subrule 50.60(2) and that pays an initial ~~\$250~~ \$400 filing fee under Iowa Code section 502.302(1)“a” as amended by 2015 Iowa Acts, House File 632, shall pay ~~an additional \$1,250 filing a \$400 renewal fee within 90 days after prior to the notice filing’s annual renewal date, or shall file on Form NF an annual or periodic report of the value of the federal covered securities offered or sold in Iowa, together with a filing fee of one-tenth of 1 percent of the amount of securities sold in excess of \$250,000.~~ Notice filings that are not renewed by the annual renewal date shall expire.

This subrule is intended to implement Iowa Code section 502.302 and 2015 Iowa Acts, House File 632.

ITEM 6. Amend subrule 50.61(1) as follows:

50.61(1) Form U-7 may be obtained ~~by contacting the Iowa Securities and Regulated Industries Bureau, 340 East Maple Street, Des Moines, Iowa 50319-0066; via E-mail at iowa.sec.@iid.state.ia.us; or from the division Web site at <http://www.iid.state.ia.us/division/securities>~~ from the NASAA Web site at www.nasaa.org. Form U-7 has been developed under the Small Business Investment Incentive Act of 1980 which prescribes state and federal cooperation in furthering the policies of the Act: diminishing the burden of raising investment capital and minimizing interference with the business of capital formation.

ITEM 7. Amend subrule 50.66(1) as follows:

50.66(1) Overview of national models. In cooperation with the securities administrators of other states and with a view to effectuating a policy to achieve maximum uniformity of regulations regarding the registration of securities, registration and business practices of securities industry and investment advisory registrants, and enforcement of antifraud laws, and in the interest of streamlining the rules contained in Chapter 50, the administrator incorporates by reference the following guidelines and statements of policy promulgated by NASAA. This rule does not include any later amendments or editions of the incorporated matter.

~~The official reporter for NASAA statements of policy is the NASAA Reports volume printed by CCH. A copy of the CCH NASAA Reports is available to the public during regular business hours at the office of the administrator. Upon request, and for a reasonable fee not to exceed the cost of providing the service, the administrator will furnish to any person photostatic or other copies of the following NASAA guidelines and statements of policy. The office of the administrator is located at and requests may be mailed to the Iowa Securities and Regulated Industries Bureau, 340 Maple Street, Des Moines, Iowa 50319-0066; via E-mail at iowa.sec@iid.state.ia.us; or from the division Web site at <http://www.iid.state.ia.us/division/securities>. NASAA statements of policy may also generally be found at www.nasaa.org. The NASAA Web site allows access to statements of policy, comment letters, model rules, NASAA proposals published for comment, and state rule proposals and may be found at www.nasaa.org, under “regulatory & legal activity.”~~

ITEM 8. Rescind paragraphs **50.80(2)“c”** and **“d.”**

ITEM 9. Reletter paragraph **50.80(2)“e”** as **50.80(2)“c.”**

ITEM 10. Amend rule 191—50.81(502) as follows:

191—50.81(502) Notice filings for Rule 506 offerings.

50.81(1) ~~An~~ Beginning January 1, 2016, an issuer offering a security that is a covered security pursuant to Section 18(b)(4)(D) of the Securities Act of 1933 shall submit no later than 15 days after the first sale of such federal covered security in Iowa: an electronic filing and fees through www.efdnasaa.org, under “filers and issuers.”

~~*a.* A notice on Form D, including the Appendix;~~

~~*b.* A consent to service of process on Form U-2; and~~

~~*c.* A \$100 filing fee, or a \$250 fee for any late filing.~~

50.81(2) ~~“SEC Form D,” for the purposes of this rule, means the document, as adopted by the SEC and in effect on September 1, 1996, as may be amended by the SEC from time to time, entitled “FORM D: Notice of Sale of Securities pursuant to Regulation D, Section 4(6), and/or Uniform Limited Offering Exemption,” including Part E and the Appendix.~~

~~This rule is intended to implement Iowa Code section 502.302(3).~~

ITEM 11. Rescind subrule **50.82(3)**.

[Filed 9/10/15, effective 11/4/15]

[Published 9/30/15]

EDITOR’S NOTE: For replacement pages for IAC, see IAC Supplement 9/30/15.